

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 OMB-01 MC-02 L-03

CIAE-00 INR-07 NSAE-00 DODE-00 PM-04 NSC-05 SP-02

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DRAFTED BY ARA/CEN/N:GAGOWEN:RP

APPROVED BY ARA/CEN:DLAZAR (DRAFT)

ARA/PLC:SQUIGG (DRAFT)

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R 111545Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY MANAGUA

C O N F I D E N T I A L STATE 216121

E.O. 11652: GDS

TAGS: PFOR, MASS, MCAP, NU

SUBJECT: SUMMIT AVIATION SALE OF AIRCRAFT TO GON

1. PATRICK FOLEY, REPRESENTATIVE OF SUMMIT AVIATION, INC. VISITED ARA/CEN SEPTEMBER 9 TO DISCUSS RECENTLY SIGNED CONTRACT WITH GON FOR SALE OF 10 CESSNA 02-337G AIRCRAFT, TOGETHER WITH 30 ROCKET PODS, 30 FLARE CONTAINERS, AND RELATED SPARE PARTS AND TRAINING SERVICES. FOLEY OUTLINED COURSE OF CONTRACT NEGOTIATIONS WITH PRESIDENT SOMOZA WHICH HE AND SUMMIT PRESIDENT R.C. DUPONT CONCLUDED IN MANAGUA LAST WEEK, AS WELL AS HIS CONVERSATIONS WITH AMBASSADOR AND EMBASSY STAFF. HE ALSO PROVIDED COPIES OF CONTRACT AND OTHER RELEVANT DOCUMENTS AND REQUESTED ADVICE AND APPROPRIATE ASSISTANCE IN PROCESSING OF TRANSACTION THROUGH MUNITIONS CONTROL SYSTEM. FIRM IS PARTICULARLY ANXIOUS ON THIS LAST POINT BECAUSE SOMOZA HAS MADE CONTRACT EXECUTION CONTINGENT UPON USG APPROVAL OF EXPORT LICENSE APPLICATIONS FROM OTHER SUPPLIERS FOR FLARES, PRACTICE BOMBS, AND 1,000 2.75 INCH ROCKETS. FOLEY INDICATED HE WAS UNABLE TO DISCUSS THIS
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ASPECT OF ARRANGEMENT WITH EMBASSY BEFORE DEPARTING MANAGUA.

2. PRELIMINARY STUDY OF CASE INDICATES NO EVIDENT
BASES FOR RAISING OBJECTIONS TO SALE. LIMITED CAPABILITY

OF AIRCRAFT APPEARS CONSISTENT WITH CONSTRAINTS OF OUR BILATERAL AND REGIONAL POLICIES. HOWEVER, IT WOULD BE HELPFUL TO COMPLETE CONSIDERATION OF THE CASE TO HAVE THE EMBASSY'S CONSIDERED VIEWS ON THE MATTER, AS WELL AS FOLEY'S VERSION. WE ASSUME MOST PROBABLE USES INTENDED FOR AIRCRAFT ARE RECONNAISSANCE AND LIGHT INFANTRY SUPPORT, DIRECTED AGAINST FLSN IN INTERIOR. THIS VIEW SUPPORTED BY SOMOZA'S INSISTENCE THAT ORDNANCE MUST BE SUPPLIED FOR DEAL TO GO THROUGH. ALSO, CONTRACT SPECIFIES THAT THE TWO PILOTS TO BE PROVIDED BY SUMMIT IN TRAINING TEAM "WILL HAVE HAD ACTUAL COMBAT EXPERIENCE IN THE CESSNA 02". IN THIS REGARD, WE NOTE THAT CONTRACT SPECIFIES SUMMIT WILL SEND SEVEN-MAN TRAINING TEAM TO MANAGUA FOR TWO MONTHS WITH FIRST FOUR AIRCRAFT (PROBABLY IN JANUARY 1976). TEAM WILL INCLUDE TWO PILOTS, THREE MECHANICS, AND ONE "ARMAMENT SPECIALIST". HOW DO YOU JUDGE THE POTENTIAL POLITICAL SENSITIVITY OF THE PRESENCE OF THIS TEAM IN MANAGUA?

3. FOLEY ALSO REPORTED THAT SOMOZA SEEMS TO VIEW THIS CASE AS ANOTHER TEST OF USG ATTITUDE TOWARD HIM, AND THAT HE IS PREPARED TO PURCHASE AIRCRAFT AND EQUIPMENT FROM FRENCH SOURCE IF WE ARE NOT FORTHCOMING. WHILE 02 IS MANUFACTURED BY FRENCH LICENSEE, WE WOULD APPRECIATE YOUR CONFIRMATION OF FRENCH COMPETITION. SIMILARLY, SOMOZA IS ALLEGED TO HAVE STATED THAT HE HAS BEGUN TO PROCURE BELGIAN RIFLES FOR THE GN. CAN YOU CONFIRM THIS DEPARTURE FROM PAST PROCUREMENT POLICY?

4. FINALLY, FOLEY INDICATED SOMOZA INTENDS THESE PLANES TO REPLACE THE BROKEN-DOWN B-26'S AND T-33'S STILL IN THE GN INVENTORY. EMBASSY SHOULD ENSURE THAT GON IS FULLY AWARE OF FMS ACT PROVISIONS GOVERNING TRANSFER OF FMS ITEMS TO THIRD COUNTRIES, IN VIEW OF PROBLEMS ENCOUNTERED ON THIS SCORE IN RECENT PAST ELSEWHERE IN REGION. KISSINGER

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